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RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC//DDI/OEA//
RHHMUNA/USCINCPAC HONOLULU HI//FPA//
RUEKJCS/SECDEF WASHINGTON DC
RUEKJCS/JOINT STAFF WASHINGTON DC
RUEKDIA/DIA WASHINGTON DC//DB-Z//
RUEHMO/AMEMBASSY MOSCOW 0077
RUEHBJ/AMEMBASSY BEIJING 6362
RUEHKO/AMEMBASSY TOKYO 6444
RUEHGH/AMCONSUL SHANGHAI 1055
RUEHSH/AMCONSUL SHENYANG 4794
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SUBJECT: SEOUL - PRESS BULLETIN; July 29, 2009

TOP HEADLINES

Chosun Ilbo, JoongAng Ilbo, Segye Ilbo
Kumho Asiana Chairman Resigns over Sibling Feud

Dong-a Ilbo
Economic Fears Linger Despite Recovery Signs; with ROKG Running out of Budget, ROK Economy May Face a "Double Dip Recession" in Third Quarter If Corporate Investment and Consumption Stay Lackluster

Hankook Ilbo, Seoul Shinmun
Prosecutor-General, Fair Trade Chief Named

Hankyoreh Shinmun
Ssangyong Motor Labor, Management Engaging in Behind-the-Scenes Talks to Prevent Confrontation between Both Sides from Heading for Disaster

DOMESTIC DEVELOPMENTS

According to the Foreign Affairs and Trade Ministry, the USTR has started collecting opinions on the KORUS FTA from stakeholders and Congress to fully understand the exact nature of concerns that have been raised about the KORUS FTA, for the first time since President Barack Obama took office. (JoongAng, Hankyoreh, Segye, Seoul)

INTERNATIONAL NEWS

State Department Spokesman Ian Kelly, in a July 27 regular briefing, said that bilateral talks with North Korea are possible only within the framework of the Six-Party Talks, effectively rejecting the North's proposal for bilateral talks. (Hankook, Hankyoreh, Segye, Seoul, KBS)

According to the Dandong News, a regional newspaper in China, Chinese border police have seized 70 kg of the strategic metal "vanadium" bound for North Korea, foiling an attempt to smuggle a material used to make missile parts. (Chosun, JoongAng, Dong-a,

MEDIA ANALYSIS

-N. Korea

Most ROK media quoted State Department Spokesman Ian Kelly as saying in a July 27 regular briefing that bilateral talks with North Korea are possible only within the framework of the Six-Party Talks. Most media interpreted this as a de facto U.S. rejection of North Korea's proposal for direct talks.

In a related development, conservative Dong-a Ilbo editorialized: "Pyongyang has tried to hold bilateral talks with Washington, whenever it faced obstacles due to its nuclear program, without giving up its nuclear ambitions. This U.S. rejection has clearly showed Washington's determination not to be deceived by North Korea any longer. ... If the North genuinely wants to resolve its nuclear issue through dialogue, it must first improve strained inter-Korean ties, instead of seeking direct talks with the U.S. We truly hope that North Korea returns to the Six-Party Talks with sincerity."

Most ROK media also gave front-and inside page play to a July 28 report by the Dandong News, a regional newspaper in China, saying that Chinese border police have seized 70 kg of the strategic metal "vanadium" bound for North Korea, foiling an attempt to smuggle a material used to make missile parts. According to media reports,

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although the seizure is in line with China's own export controls, Chinese analysts observed that Beijing is stepping up inspections on road and rail traffic into North Korea to help enforce tightened UN sanctions against North Korea.

OPINIONS/EDITORIALS

1N. KOREA NEEDS 6-WAY TALKS, NOT BILATERAL TALKS
(Dong-a Ilbo, July 29, 2009, Page 27)

The spokesman for the U.S. Department of State told a news briefing Monday that Washington is willing to talk to North Korea through the Six-Party nuclear dialogue if Pyongyang implements specific measures. North Korea had said last week, "We are ready to meet (the U.S.)," and added Monday, "We have a different way of conversation to address the current issue," demanding bilateral talks. The U.S., however, rejected North Korea's offer.

It is a positive sign that North Korea has stopped its harsh rhetoric and proposed dialogue since its second nuclear test. Yet the timing and format are key. Pyongyang proposed talks right before the U.S.-China Strategic and Economic Dialogue, at a time when sanctions loom on North Korea under U.N. Security Council Resolution 1874. The Stalinist country wants bilateral talks rather than Six-Party Talks with the U.S. It also wants to avoid international isolation and sanctions by catering to the U.S. - which wields real power - and shaking up China.

Pyongyang has tried to hold bilateral talks with Washington whenever it faced obstacles due to its nuclear program, but without giving up its nuclear ambitions. This U.S. rejection has clearly showed Washington's determination not to be deceived any longer by North Korea. The Obama Administration has stressed these principles several times, saying there is no reward for bad behavior and rejecting talks that exclude South Korea. American hawks pressing for sanctions instead of dialogue are gaining power. The international community is also firm in imposing sanctions. North Korea must face this reality.

The only way for Pyongyang to survive is to get political and economic compensation in return for giving up its nuclear program. U.S. Secretary of State Hillary Clinton recently said, "If North Korea goes the path of irreversible denuclearization, we will offer

a comprehensive package - the normalization of the U.S.-North Korea relationship, the establishment of a permanent peace, and energy and economic assistance." This idea came based on a consensus with South Korea.

Last week before the strategic and economic dialogue between the U.S. and China, President Obama said in his opening speech that Washington will cooperate with Beijing to remove Pyongyang's nuclear program. North Korea is mistaken if it believes China will be on its side forever. If the North genuinely wants to resolve its nuclear issue through dialogue, it must first improve strained inter-Korean ties instead of seeking direct talks with the U.S. We truly hope that North Korea returns to the Six-Party Talks with sincerity."

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

FEATURES

USTR STARTS TO SEEK OPINIONS ON KORUS FTA FROM INTERESTED PERSONS
(JoongAng Ilbo, July 29, 2009, Page 19)

By Reporters Kim Sun-ha and Kim Pil-kyu

The Office of the U.S. Trade Representative (USTR) has started collecting opinions on the KORUS FTA for the first time since

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President Barack Obama took office.

The Ministry of Foreign Affairs and Trade said on July 28 that the USTR decided to publish an official notice titled "Request for Comments Concerning Free Trade Agreement with the ROK" in the July 27 Federal Register and solicit comments from interested persons by September 15.

The USTR says in the Federal Register that it seeks comments regarding: how implementation of the FTA will affect trade between the ROK and the U.S., in general, and with respect to particular goods or services; economic costs and benefits of removing tariffs and non-tariff barriers affecting trade between the two countries to U.S. workers, farmers, ranchers, businesses and consumers; and any additional steps that one or both governments should take to address specific concerns regarding the FTA and the bilateral trade and investment relationship.

An (ROK) Foreign Ministry official said that the USTR notified the ROKG of its plan to solicit comments before publishing it in the Federal Register notice.

This action came after the KORUS FTA wasn't ratified by lawmakers from either country. The Foreign Ministry official noted that the U.S. auto industry has held negative views on the trade deal. The official expressed his hope that positive comments will be submitted in this process to accelerate ratification of the trade pact. But there are concerns that numerous comments calling for "additional measures" would spark controversy over renegotiation.

STEPHENS